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FISCAL IMPACT STATEMENT

LS 6306

BILL NUMBER: SB 82

NOTE PREPARED: Nov 22, 2002

BILL AMENDED:

SUBJECT: Regulation of Preschools.

FIRST AUTHOR: Sen. Mrvan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies requirements for licensure of preschools. The bill requires the Division of Family and Children to administer the licensure of preschools.

Effective Date: July 1, 2003.

Summary of Net State Impact: The cost could range from \$188,000 to \$437,000, assuming costs similar to the licensing costs for child care homes and child care centers, respectively. This cost estimate does not include general administrative or overhead costs.

Explanation of State Expenditures: The state currently requires licensure for certain child care facilities, but does not require licensure for preschools. This bill will require the Family and Social Services Administration (FSSA) to develop and administer a licensure program for preschools.

This license will be very similar to the child care center and child care home licenses. However, FSSA will need to promulgate rules for preschool licensure and hire new staff - both administrative as well as inspection staff, to implement this new requirement. The FSSA can absorb the rulemaking costs given their current budget and resources. However, the new program will require additional staff and resources.

The FSSA currently administers the licensure program for licensed child care centers and child care homes. The inspection costs of these programs are about \$450 to 500 per licensed child care center, and \$325 per licensed child care home. There are 8 field staff (12 staff total) involved in the licensure and review process for licensed child care centers and 14 field staff for licensed child care homes. Total program cost depends upon the number of preschools that seek licensure and the extent of regulation. Assuming an average of 10

preschools per county, the cost could range from \$300,000 to \$437,000, assuming costs similar to licensing child care homes and child care centers, respectively. Assuming that Marion County is representative of the number of preschools per 1,000 population statewide, the costs would be lower. Marion County currently has 82 county-licensed preschools. Extrapolating this number statewide, the cost to regulate preschools could range from \$188,000 to \$275,000. It is important to note that these cost estimates do not include general administrative or overhead costs, which may be significant.

The funds and resources required could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations or fees.

Background: The number of preschools in Indiana is unknown. There are not currently any statewide preschool regulations, thus no one agency tracks the number of preschool facilities in the state. However, some counties currently have their own preschool licensure requirements.

Marion County Department of Health (MCDH) administers a county preschool licensure program. In 2002 there were 82 licensed preschools in Marion County. Five MCDH staff review preschools on a part-time basis. MCDH charges a \$25-per-year license fee for preschools. In addition, any preschool found out of compliance with licensure requirements are subject to an additional \$50 reinspection fee.

Total budget for the FSSA child care licensing section is \$2.1 M for FY 2003. This section oversees licensing of child care homes (3,830), child care centers (674), and registered child care ministries (572).

Explanation of State Revenues: The extent of state revenues generated depends upon whether FSSA implements licensing and inspection fees. The Attorney General may seek in a civil action a civil penalty not to exceed \$100 per day for a facility operating without a preschool license. In addition, the FSSA may impose a civil penalty of not more than \$1,000 for violating the licensing requirement. It is unknown how much revenue these provision may generate.

A person who knowingly or intentionally violates the preschool licensing provisions commits a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be

assessed and, if collected, would be deposited into the county law enforcement continuing education fund.
(3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Susan Kilty, Legislative Liaison, Division of Families and Children, Family and Social Services Administration, (317) 232-4451; Joe Kitterman, Marion County Health Department, (317) 221-2276; 2000 Census County Populations.

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